United Nations

# United Nations Institute for Training and Research

# Financial report and audited financial statements

## for the year ended 31 December 1996 and Report of the Board of Auditors

General Assembly
Official Records • Fifty-second Session
Supplement No. 5D (A/52/5/Add.4)

A/52/5/Add.4

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27 June 1997

Sir,

Pursuant to financial regulation 11.4, I have the honour to submit the 1996 accounts of the United Nations Institute for Training and Research as at 31 December 1996, which I hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Accept, Sir, the assurances of my highest consideration.

(Signed) Marcel A. BOISARD
Executive Director
United Nations Institute for
Training and Research

The Chairman of the Board of Auditors
United Nations
New York

16 July 1997

Sir,

I have the honour to transmit to you the financial statements of the United Nations Institute for Training and Research for the financial period ended 31 December 1996, which were submitted by the Executive Director. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) Sir John BOURN
Comptroller and Auditor General of
the United Kingdom of
Great Britain and Northern Ireland
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

# I. FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

## Introduction

1. The Executive Director has the honour to submit herewith the financial report, together with the accounts for the year ended 31 December 1996, of the United Nations Institute for Training and Research (UNITAR). The report is presented in accordance with article V, paragraph 2 (j), of the statute of the Institute.

## Statement I. Income and expenditure and changes in reserves and fund balances

### General Fund

2. The amount of $248,209 shown in statement I was paid by Governments and various donors as contributions to the General Fund for 1996 and payment of outstanding pledges (schedule 1.1). In addition, $441,230 was received as programme support income and $33,915 as other income, bringing the total income to $723,354. Expenditures for the year amounted to $977,987, which resulted in a shortfall of income over expenditure of $254,633. The prior period adjustment of $36,013 reduced the shortfall to $218,620. The reserve and fund balance at the end of the year amounted to $392,989.

### Special Purpose Grants Fund

3. A total amount of $4,429,998 was received as grants. Total income in this fund was $4,615,857 after inclusion of interest income and miscellaneous income. Total expenditure was $3,762,546, resulting in an excess of income over expenditures of $853,311 for the Special Purpose Grants taken as a whole. The prior period adjustment of $92,137 decreased the excess of income over expenditures to $761,174. After the transfer of the balance of non-convertible currencies of $398 to the General Fund and the inclusion of savings on prior period obligations of $99,844, the fund balance amounted to $2,486,261.

### Activities financed by the United Nations Development Programme

4. The total amount allocated by the United Nations Development Programme (UNDP) was $728,317. Total expenditure amounted to $728,317, including programme support costs of $83,789.

## Statement II. Assets, liabilities, reserves and fund balances

### General Fund

5. The assets of the General Fund amounted to $493,699. Accounts receivable amounted to $130,128. Liabilities consisted of unliquidated obligations of $73,218 and accounts payable of $8,905. The operating reserve amounted to $146,462 and the cumulative surplus to $246,527.

### Special Purpose Grants Fund

6. Total assets of $3,402,916 included cash of $3,233,167, accounts receivable of $101,725 and remittance to executing agencies of $68,024. Of the $916,655 of

liabilities, $841,772 was for unliquidated obligations, $10,208 for accounts payable, $64,351 for inter-fund balances payable and $324 for other liabilities (deferred income).

7. The cumulative surplus of the Special Purpose Grants Fund was $2,486,261 as at 31 December 1996.

Activities financed by UNDP

8. Assets consisted of cash of $1,108.580, other accounts receivable of $25,780 and unspent allocations of $384,426.

9. Liabilities included contributions received in advance from UNDP of $773,503, other liabilities of $384,426 (deferred income), unliquidated obligations of $353,732 and inter-fund balances payable of $7,125.

Statement IV. Status of expenditure against approved budget

10. Statement IV gives the status of expenditure against approved budget for the year ended 31 December 1996. Total expenditures amounted to $977,987. The breakdown of expenditure by major object of expenditure is as follows:

| | United States dollars | Per cent |
|---|---|---|
| Staff and other personnel costs[a] | 760 020 | 77.72 |
| Travel | 29 841 | 3.05 |
| Contractual services | 21 952 | 2.24 |
| Operating expenses | 153 430[b] | 15.69 |
| Acquisitions | 12 744 | 1.30 |
| Total | 977 987 | 100.00 |

[a] Includes fixed- and short-term staff, individual contractors and consultants' fees and travel.

[b] Includes loss on exchange of $1,572.

Write-off of losses of cash and receivables

11. There were no write-offs during the year ended 31 December 1996.

## II. REPORT OF THE BOARD OF AUDITORS

### A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations Institute for Training and Research (UNITAR) for the period 1 January 1996 to 31 December 1996, in accordance with article VIII, paragraph 12, of the statute of UNITAR. The audit was conducted in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

#### 1. Audit objectives and approach

2. The Board's audit included examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. The Board based its examination on an assessment of UNITAR's accounting systems and controls and a test audit, in which all areas of the financial statements were subject to direct substantive testing of transactions. The audit also included an assessment of the accounting principles used and the significant estimates made by the Administration, as well as an evaluation of the overall presentation of the financial statements. Preparation of the financial statements is the responsibility of UNITAR's management; the Board is responsible for expressing an opinion, based on its audit, on whether the financial statements present fairly the financial position of UNITAR as at 31 December 1996.

3. The Board's examination included a general review and such tests of the accounting records and other supporting evidence as it considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on UNITAR's financial statements.

4. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under regulation 12.5 of the Financial Regulations and Rules of the United Nations. The reviews primarily concern the efficiency of financial procedures, the internal financial controls and, in general, the administration of UNITAR. In 1996, the Board examined how UNITAR managed its training programmes.

5. The Board's principal recommendations are presented in paragraphs 10 and 11 below. A summary of main findings arising from the Board's audit is reported in paragraphs 12 to 22. The detailed findings are reported in paragraphs 23 to 64.

6. The Board communicated to UNITAR its observations on all matters contained in the present report. UNITAR has confirmed the facts on which the Board's observations and conclusions were based and provided explanations and answers to the Board's inquiries.

#### 2. Previous recommendations not fully implemented

7. In accordance with paragraph 7 of General Assembly resolution 51/225 of 3 April 1997, the Board has highlighted separately the following recommendation

which has not been fully implemented by UNITAR. In 1993, 1994, 1995 and again in the present report (see para. 34), the Board recommended that an appropriate strategy for dealing with the deficit on a number of Special Purpose Grants Funds should be drawn up and implemented. This matter remains unresolved.

8. The Board carried out a review of the measures taken by UNITAR in response to the recommendations made by the Board in its audit report for the year ended 31 December 1995. Details of the actions taken and the comments of the Board are set out in the annex to the present report.

## 3. Overall results

9. The Board's examination revealed no weaknesses or errors considered material to the accuracy or completeness of the financial statements as a whole. In accordance with normal procedures, the Board recorded significant findings in management letters to UNITAR. None of these matters affected the Board's audit opinion on UNITAR's financial statements and schedules for the year. Accordingly, the Board has given an unqualified opinion on UNITAR's financial statements for the year ended 31 December 1996.

## 4. Summary of recommendations

10. The Board's main recommendations are set out below:

### Financial statements

Clearance of outstanding charges processed by United Nations Headquarters

(a) UNITAR should liaise with United Nations Headquarters to agree on the treatment of long-standing charges (see para. 32);

Special Purpose Grants Funds

(b) UNITAR should carry out a review of the collectability from donors of amounts outstanding on Special Purpose Grants Fund projects and take appropriate action to clear any amounts deemed uncollectable (see para. 36);

Accounting for non-expendable property

(c) UNITAR should reconcile its computer inventory with that maintained by the Purchase and Transportation Section and compile a comprehensive inventory of non-computer equipment at the earliest possible opportunity (see para. 44).

### Management issues

Programme management

11. The Board recommends that UNITAR:

(a) ensure that in all cases a strategy document is established for each programme, similar to that drawn up for the National Action Plans and the National Pollutant Release and Transfer Registers (PRTR) programmes. This should set out the training activities to meet identified needs and ensure

self-reliance and sustainability, together with the expected timescale and resource requirements (see para. 52);

(b) improve the documentation supporting the selection of pilot countries and partner institutions (see para. 54);

(c) ensure that there are clear linkages between its training events and the specific objectives of the relevant programme (see para. 56); and

(d) clearly record its assessment of the extent to which pilot projects added value to the programmes and contributed to the achievements of the programmes (see para. 61).

## 5. Summary of main findings

### Financial statements

#### On the General Fund

12. UNITAR's General Fund showed a shortfall of $254,633 in income over expenditure in 1996. The Board is concerned at the lack of available funds to secure the long-term future of the fund (see paras. 25-30).

#### On clearance of outstanding charges incurred at United Nations Headquarters

13. UNITAR had yet to resolve its dispute with United Nations Headquarters concerning $94,382 in charges incurred in New York after UNITAR moved to Geneva in 1993 (see paras. 31 and 32).

#### On the Special Purpose Grants Fund

14. While the Fund enjoyed a surplus of $853,311 in 1996 (before prior period adjustments), compared with a small deficit in 1995, there remained a significant number of Special Purpose Grants Fund projects with deficit balances at 31 December 1996 (see paras. 33-38).

#### On accounting for non-expendable property

15. UNITAR has not yet reconciled its inventory of computer equipment with records held by the United Nations Office at Geneva and has not yet completed an inventory of non-computer equipment (see paras. 42-44).

### Management issues

#### Programme management

#### On developing coherent programmes of assistance

16. In four of the five programmes examined, UNITAR had established clearly defined programmes of assistance. In the remaining programme, relating to the legal aspects of debt and financial management in the Central Asian Republics, UNITAR had not identified a chronology of training events, specific milestones and target dates. UNITAR explained that this was because the programme addressed urgent, immediate needs and was funded on a short-term basis (see paras. 49-52).

On the selection of participating countries and partner institutions

17. In four of the five programmes examined, the selection of countries and partners was not well documented. UNITAR was therefore unable to demonstrate that all the partner institutions had been selected in a structured way to maximize the chances of success (see paras. 53 and 54).

On the delivery of training activities

18. In the programme on the legal aspects of debt and financial management in the Central Asian Republics, UNITAR had delivered three training activities that were not fully in accordance with the objectives of the programme. UNITAR explained that, in its view, these activities were consistent with the rationale and objectives of the programme and that they had been delivered with the donor's approval (see paras. 55 and 56).

On financial and operational monitoring and control

19. All five programmes examined were within budget. However, for the debt and financial management programme in the Central Asian Republics, in the absence of a clearly defined programme of assistance with appropriate milestones, UNITAR could not demonstrate what progress had been made towards meeting the programme's ultimate development objective (see paras. 57 and 58).

20. On the climate change programme, the Board was pleased to note that UNITAR had established detailed agreements with its partner institutions to aid the monitoring of progress and performance (see para. 59).

On assessing the contribution of pilot projects

21. On the three programmes involving pilot projects, there was little documentary evidence to support UNITAR's assessment of the contribution that pilots had made to the programmes, although UNITAR assured the Board that such assessments had been carried out (see paras. 60 and 61).

On evaluating the quality and impact of training and guidance materials

22. The Board was generally satisfied with the way in which UNITAR evaluated the quality and impact of training and guidance materials (see paras. 62 and 63).

## Detailed findings

### B. Financial statements

#### 1. United Nations System Accounting Standards

23. The General Assembly, in decision 51/453 of 18 December 1996, took note of the report of the Secretary-General containing the revised United Nations System Accounting Standards. The Standards, which were developed by the Administrative Committee on Coordination, include formats for financial statements.

24. The Board confirmed that UNITAR had generally applied the revised System Accounting Standards for the financial year ended 31 December 1996.

## 2. General Fund

25. In its reports on UNITAR's financial statements in both 1994 and 1995, the Board stressed the importance of safeguarding the long-term future of the General Fund through continued efforts to control costs and attract additional funds. In 1996 administrative expenditure increased to $977,987, compared to $843,064 in 1995, while total income fell to $723,354, compared to $731,479 in 1995. As a result, the Fund had a shortfall of income over expenditure of $254,633 for 1996.

26. In 1996 staff and other personnel costs increased to $760,020, compared to $593,828 in 1995. This was mainly due to the redeployment of staff from Special Purpose Grants Fund projects to provide administrative support and to work on the diplomacy training programme financed by the General Fund. In addition, UNITAR staff costs increased marginally as a result of the creation in 1996 of a liaison office in New York.

27. While, in overall terms, income generated by the Fund remained only slightly lower than in 1995, there were significant changes within this total. A significant fall in voluntary contributions between 1995 and 1996 (down from $315,714 to $248,209) was compensated for by an increase in programme support cost income from $372,914 in 1995 to $441,230 in 1996.

28. At the end of 1996, the value of outstanding voluntary pledges to the General Fund was reported as $18,587, compared to $83,023 at the end of 1995. However, this reduction was mainly due to the write-off of $21,000 of long-standing pledges, as well as to a reduction in value of donations pledged to UNITAR during 1996. In addition, a pledge of $15,000 outstanding at 31 December 1996 was excluded from the schedule.

29. The shortfall in income over expenditure of $254,633 in the General Fund for 1996 followed on from a shortfall of $111,585 in 1995. As a result, total reserves and fund balances were reduced to $392,989 at the end of 1996. Within this total there was a balance in the operating reserve of $146,462 (increased from $84,200 in 1995), which UNITAR considered to be sufficient to cover the potential termination costs which might arise in respect of staff whose posts are financed by the General Fund.

30. The Board is concerned at the substantial shortfall in income over expenditure reported by the General Fund for 1996 and the lack of available funds to secure the long-term future of the Fund. The Board welcomes UNITAR's plans to raise $1 million annually in voluntary contributions to the Fund through fund-raising meetings at ambassadorial level within regions. While recognizing that UNITAR's increase in expenditure represents an increase in activity, the Board emphasizes the need to secure sufficient income to meet costs.

## 3. Clearance of outstanding charges incurred at United Nations Headquarters

31. In its 1995 report, the Board of Auditors commented on the need to clear deferred charges of $129,869 for expenditure incurred at United Nations Headquarters on UNITAR's behalf. These were included in "other accounts receivable" in the assets and liabilities statement for the General Fund. At the end of 1996, these deferred charges had been reduced to $114,025. While UNITAR has accepted that some of these charges are proper to UNITAR, it has yet

to accept $94,382 in charges incurred in New York after UNITAR vacated its offices in 1993. Should all of these charges be passed to the UNITAR General Fund, its position would be further weakened.

32. The Board reiterates its view that UNITAR should liaise with United Nations Headquarters to agree on the treatment of these long-standing charges as soon as possible.

## 4. Special Purpose Grants Fund

33. The income and expenditure statement for UNITAR's Special Purpose Grants Fund (statement I) shows that in 1996 the fund achieved a surplus of $853,311 (before prior period adjustments) compared to a deficit of $13,562 in 1995.

34. Statement V shows that 17 out of 68 projects had deficit fund balances totalling $380,936 at year end. Eleven of these projects, with deficits totalling $283,215, have been the subject of protracted discussions between UNITAR and United Nations Headquarters. The Board raised the issue of these long-standing deficits in Special Purpose Grants Fund projects in its reports on UNITAR's 1993, 1994 and 1995 financial statements. UNITAR's Board of Trustees reconsidered this issue at its thirty-fifth session, in March 1997, when it restated its view that the deficits should have been cancelled under General Assembly resolution 47/227 of 8 April 1993, which effectively wrote off UNITAR's accumulated debt to the United Nations General Fund in return for the transfer of UNITAR's New York headquarters building. The Board of Trustees maintains that the write-off related to all UNITAR debts, including those incurred on Special Purpose Grants Fund projects, but has undertaken to explore the issue with the relevant authorities at United Nations Headquarters.

35. The United Nations has once again reaffirmed its position that it is under no obligation to make good deficits relating to the Special Purpose Grants Fund. It maintains that this responsibility rests with the project donors, as set out in the agreements signed by UNITAR donors.

36. The Board once again reiterates its view that these long-standing deficits should be resolved promptly. While noting UNITAR's intention to discuss this issue with the United Nations, the Board recommends that UNITAR carry out an assessment of the collectability from donors of the amounts outstanding and take appropriate action to clear any amounts deemed uncollectable.

37. For the remaining 6 of the 17 projects in deficit, the Board noted that their total deficit had decreased from $140,229 at the end of 1995 to $97,721 at the end of 1996. While noting this improvement, the Board urges UNITAR to ensure that all Special Purpose Grants Fund projects are funded in advance, before expenditure is incurred.

38. UNITAR has informed the Board that it has now implemented an accounting information system to provide improved monitoring of project income and expenditure and that this should prevent situations arising in which financial commitments are made without sufficient donor funds.

## 5. Accounting for United Nations Development Programme projects

39. UNITAR acts as the executing agency for five projects financed by the United Nations Development Programme (UNDP). UNDP provides UNITAR with fund

allocations against which UNITAR can charge project expenditures. As significant elements of these expenditures are met by UNDP field offices, UNDP submits monthly operating fund statements detailing its record of expenditures on these projects. These records should match those of UNITAR. However, there have been significant delays in the receipt by UNITAR of inter-office vouchers from UNDP field offices. Until these vouchers and supporting documentation are received, UNITAR cannot reflect expenditures in its financial statements.

40. As at 31 December 1996, inter-office vouchers dated 1995 and earlier, with a total value of $31,359, had not been received for processing by UNITAR for inclusion in their 1996 financial statements. The Board was pleased to note that, by 30 June 1997, all but $7,364 of this amount had been properly processed.

41. Statement II shows $68,024 outstanding as at 31 December 1996 in operating funds advanced to UNDP field offices to cover local expenditure. This included $23,024 advanced to Côte d'Ivoire which had been outstanding since March 1995. UNITAR has taken action to investigate this latter amount and expects the outstanding balance to be cleared shortly.

## 6. Accounting for non-expendable property

42. In its reports on UNITAR's 1994 and 1995 financial statements, the Board commented on the Administration's failure to prepare a comprehensive and up-to-date inventory of non-expendable property and to reconcile this with the records of the Purchase and Transportation Section of the United Nations Office at Geneva. The Board noted in its previous report that in 1995 UNITAR completed an inventory only for computer equipment.

43. In July 1996, in response to the Board's recommendation, UNITAR raised this issue with the Purchase and Transportation Section and requested assistance in reconciling the two sets of records. UNITAR informed the Board that the United Nations Office at Geneva had requested payment from UNITAR to conduct this reconciliation outside of the usual schedule. During its review in April 1997, the Board found that no progress had been made in reconciling the two sets of records. UNITAR informed the Board that it had not had the resources to carry out the reconciliation but that an updated inventory would take place in the autumn of 1997.

44. The Board had identified, in its 1995 report, discrepancies in up to 33 per cent of the items recorded in the two sets of records. The Board is therefore concerned that no progress has been made by UNITAR in reconciling its records with those of the Purchase and Transportation Section of the United Nations Office at Geneva or in compiling an inventory for non-computer equipment. The Board recommends that UNITAR address these issues at the earliest opportunity.

## 7. Write-off of losses of cash, receivables and property, ex gratia payments

45. UNITAR has recorded no write-offs of losses of cash, stores or other assets or ex gratia payments during the year.

## C. Management issues

### 1. Programme management

#### Introduction

46. UNITAR has a mandate to provide a range of training programmes to developing countries and countries with economies in transition. The Institute funds almost all of its training programmes from special purpose grants provided by donor countries and from agreements with other organizations such as the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the European Commission and a variety of non-governmental organizations and foundations. In 1996 such grants and agreements provided UNITAR with programme resources of some $6 million.

#### Scope of examination

47. The Board examined five programmes:

- Implementation of the United Nations Framework Convention on Climate Change. UNITAR had a budget of $610,000 for phase one. Its budget for phase two, which was planned to run from 1996 to 1998, is $3.7 million;

- Legal aspects of debt, economic and financial management in the Central Asian Republics. UNITAR launched this programme in 1994; by the end of 1996, it had received funding of $810,000; and

- Three programmes in the area of chemicals and waste management: the national profile capacity-building programme; the programme to help three developing countries implement national action plans for integrated chemicals management; and the programme to facilitate the design and implementation of national pollutant release and transfer registers (PRTRs). Their combined budgets, since the first of the programmes started in 1994, total $1,645,000.

48. Against this background, the Board examined: (a) how UNITAR developed its programmes; (b) how well UNITAR implemented and monitored its programmes; and (c) how UNITAR evaluated the quality and impact of its training activities.

#### Programme development

##### Developing coherent programmes of assistance

49. In four of the five programmes examined, UNITAR had established clearly defined programmes of assistance. For example, the Board was pleased to see that UNITAR had prepared detailed plans for the programmes on pollutant release and transfer registers and on national action plans, which provided clearly defined objectives, expected outputs and milestones and set out the respective responsibilities of UNITAR and participating countries.

50. Regarding the debt and financial management programme in the Central Asian Republics, UNITAR had not designed a specific programme of assistance for the Republics, to identify a chronology of training events and specific milestones for the completion of each stage in the programme, or set target dates for the programme's completion. Instead, the Institute delivered training on a yearly

basis, preparing six-month work plans with a view to adjusting its courses in response to the countries' more immediate needs. UNITAR informed the Board that the programme had to be developed quickly to respond to urgent needs and that its aim was to familiarize officials with financial instruments available in international markets rather than to provide specific training. UNITAR pointed out that this approach also reflected the fact that donors funded the programme through annual special purpose grants.

51. The Board acknowledges that the programme was conceived as, and intended to be, a flexible response to urgent and changing needs and that annual funding by donors provided a disincentive to long-term planning. The Board considers, however, that more could be done to establish a formal long-term perspective for the programme.

52. The Board therefore recommends that UNITAR ensure that in all cases a strategy is established for each programme, similar to that drawn up for the national action plans and the PRTR programmes. This should set out the training activities to meet identified needs and ensure self-reliance and sustainability, together with the expected timescale and the level of resources required for the lifetime of the programme.

Selection of participating countries and partner institutions

53. UNITAR implemented the climate change programme and the three chemicals management programmes through a series of pilot projects in selected countries. The Board noted that in two of these four programmes - climate change and national action plans for integrated chemical management - UNITAR had formally established criteria for the selection of pilot countries. Further, UNITAR assured the Board that it had followed detailed and thorough selection processes in all four programmes. While the Board acknowledges the care with which such selections were made, it noted that the selection process was not well documented and that, as a result, UNITAR was unable to demonstrate that all partner institutions had been selected in a structured way to maximize the chances of success.

54. The Board considers that there should be a well-documented selection process to ensure transparency in the choice of partner institutions. The Board therefore recommends that UNITAR improve the documentation supporting the selection of pilot countries and partner institutions.

## Programme implementation and monitoring

### Delivery of training activities

55. In implementing its programme on the legal aspects of debt and financial management in the Central Asian Republics, UNITAR had, by December 1996, delivered 13 training events since the programme was launched in February 1994, in accordance with its annual work plans.

56. UNITAR had conceived the programme on the legal aspects of debt and financial management after an expert meeting in 1987 which noted that legal issues were important in debt and financial management and that other United Nations and private sector organizations did not address them in their assistance to developing countries. Within the global framework of this programme, UNITAR was requested to adapt its training and capacity-building activities to meet the needs of the Central Asian Republics. The Board noted

that, in 1996, UNITAR delivered three events that were not fully in accordance with the original concept for the legal aspects programme: two seminars on trade and investment; a workshop on small-scale privatization; and a workshop on the World Trade Organization. The Institute told the Board that, in its view, those events were consistent with the rationale and objectives of the programme and that it had delivered them to meet the immediate needs of the countries concerned and with the approval of donors. It also explained that, in its view, such topics as the promotion of exports, domestic savings and development assistance were essential to the programme. While acknowledging these points, the Board considers that UNITAR should ensure that there are clearer linkages between its training events and the specific objectives of the programme.

Financial and operational monitoring and control

57. Programme staff maintained computer databases to record and monitor the programmes' budgets and expenditures. At 31 December 1996, expenditures were within budget for all five programmes. The Board considered, however, that there was scope for strengthening UNITAR's process for monitoring the delivery of activities.

58. For the programme on the legal aspects of debt and financial management programme in the Central Asian Republics, in the absence of a clearly defined programme of assistance with appropriate milestones, UNITAR was unable to demonstrate clearly what progress had been made towards meeting the programme's ultimate development objective, which is to create self-reliance in training in the legal aspects of debt and financial management within the five republics. UNITAR informed the Board that the pilot phase of the programme had necessarily concentrated on priority training needs; phase two would address particular training issues.

59. For the climate change programme, the Board was pleased to note that UNITAR had established detailed agreements with partner institutions to help it implement the programme and monitor progress and performance. The letters of agreement contained schedules for the payment of grants to the institutions for their work on the programme. These schedules required the partner institutions to deliver, by December 1996, four key outputs, such as country survey reports and translated guidance materials, and to initiate a series of national workshops in each country. The Board confirmed that the institutions had delivered the required outputs by the due dates, with satisfactory results.

## Evaluation of the quality and impact of training activities

### Assessing the contribution of pilot projects

60. For the climate change programme and the programmes on national profiles and pollutant release and transfer registers, the aim of the pilot projects was to test and refine the methodologies developed. Pilots were particularly important to the climate change programme, for which the aggregate budget was $249,000, representing 41 per cent of the total budget of $610,000 for phase one. There was little documentary evidence, however, to support UNITAR's assessment of the contribution that the pilots had made to the programmes, although UNITAR assured the Board that such assessments had been carried out. The Board considers that UNITAR should be able to demonstrate that the pilot approach contributed to the success of the programmes, that the selection of pilot countries had been appropriate and that the significant costs of the pilots were justified.

61. The Board therefore recommends that in future programmes involving pilot countries, UNITAR clearly record its assessment of the extent to which the pilot projects added value to the programmes and contributed to the programmes' achievements.

Evaluation of the quality and impact of training and guidance materials

62. In general, the Board was satisfied with the way in which UNITAR evaluated the quality and impact of its training and guidance materials. For example, in the climate change programme, the Board noted that UNITAR had properly included evaluation questionnaires in the comprehensive workshop package to help assess the value and impact of the package.

63. A key output from the first phase of the climate change programme was training material, in particular the comprehensive package for use in training workshops. For this work, UNITAR had a budget of $168,000, including $70,000 for the workshop package and representing 28 per cent of the total budget of $610,000. The budget was sufficient to allow UNITAR to publish 60 copies of the workshop package. The Institute told the Board that it had sought unsuccessfully for extra funding to publish more copies. The Board recognizes the limitations which this placed upon UNITAR and endorses the Institute's efforts to secure sufficient financial resources to maximize the potential utilization and impact of the training materials.

## 2. Fraud and presumptive fraud

64. The UNITAR secretariat reported no cases of fraud or presumptive fraud relating to the financial year 1996.

## D. Acknowledgement

65. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its auditors by the staff of UNITAR and the United Nations.

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great Britain
and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

16 July 1997

ANNEX

## Follow-up on action taken by the United Nations Institute for Training and Research to implement the recommendations of the Board of Auditors in its report for the year ended 31 December 1995[a]

### I. RECOMMENDATION 10 (a)

1. UNITAR should implement more effective controls over expenditure, in particular staff costs, in addition to collecting outstanding pledges and attracting more income to the General Fund.

#### Immediate action to be taken by UNITAR

2. For control over expenditure and staff costs, see VI below. The collection of outstanding pledges has been quite successful. Non-paid-in pledges at the end of 1996 amounted to $19,000. A systematic fund-raising campaign in favour of the General Fund is being prepared.

#### UNITAR's mid-term objectives

3. With the assistance of the members of its Board of Trustees, UNITAR aims to organize fund-raising meetings, at ambassadorial level, region by region. The objective is to raise the level of voluntary contributions to the General Fund to $1 million.

#### Comments of the Board

4. In 1996 there was a deficit of $254,633 in UNITAR's General Fund. The Board considers that more action is needed to reduce expenditure.

### II. RECOMMENDATION 10 (b)

5. Disputed charges transferred to UNITAR from United Nations Headquarters should be examined and cleared promptly.

#### Immediate action to be taken by UNITAR

6. UNITAR informed Headquarters that the charges of which it had been notified (phone, tax, photocopier rental) were not to be charged to UNITAR, as it had vacated its offices in 1993, but rather to the Unit which entered the premises thereafter.

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[a] Official Records of the General Assembly, Fifty-first Session, Supplement No. 50 (A/51/5/Add.4), sect. II, para. 10.

Comments of the Board

7. UNITAR has now accepted that some of these charges are proper to UNITAR. The Board recommends that all other disputed charges be discussed and resolved with Headquarters.

## III. RECOMMENDATION 10 (c)

8. More effective control should be exercised over project expenditure, and financial commitments should not be made without sufficient donor funds.

Immediate action to be taken by UNITAR

9. The deficit of some programmes was temporary. In the meantime, UNITAR has implemented an accounting information system (TMI Perspectives) which allows constant monitoring of income and expenditure.

UNITAR's mid-term objectives

10. UNITAR's objective is to have all programmes (General Fund and Special Purpose Grants) on TMI by the end of 1997. This should allow permanent monitoring of expenditure and comparison with forecasts.

Comments of the Board

11. The Board welcomes this development and will review its effectiveness as part of its 1997 audit. However, the Board notes that there was little improvement in this area in 1996.

## IV. RECOMMENDATION 10 (d)

12. UNITAR should liaise with the United Nations Office at Geneva and UNDP headquarters to clear outstanding inter-office vouchers and advances and to establish prompter procedures for reporting expenditure made by UNDP on behalf of UNITAR.

Immediate action to be taken by UNITAR

13. UNITAR depends on the readiness of UNDP field offices to answer its request. As at 1 January 1995, the balance due to UNDP was $3,096,066; as at 1 January 1996, the balance due was reduced to $502,942. Of this, inter-office vouchers pending prior to 1996 represent only $16,332, compared to $634,454 as at 1 January 1995 for prior years' inter-office vouchers.

UNITAR's mid-term objectives

14. Inter-office vouchers are recorded by the new accounting information system which could be improved, but UNITAR is awaiting the introduction of the Integrated Management Information System by the United Nations Office at Geneva to prevent a double system.

Comments of the Board

15. The Board welcomes this improvement but is concerned that an additional $24,037 in prior period inter-office vouchers has yet to be processed by UNITAR.

V. RECOMMENDATION 10 (e)

16. UNITAR should open up discussions with major donors to seek their agreement to funding projects in advance rather than on a reimbursement basis.

Immediate action to be taken by UNITAR

17. This is indeed a managerial issue. However, the donors usually have their own procedures. UNITAR considers that it does not have much choice without the risk of jeopardizing the project.

Comments of the Board

18. In view of the number of deficiencies in UNITAR projects, the Board reiterates its view that projects should not be funded on a reimbursement basis.

VI. RECOMMENDATION 10 (f)

19. UNITAR should improve its planning of staff expenditure in order to ensure that sufficient funds are available to meet staff costs.

Immediate action to be taken by UNITAR

20. As from 1996, the budgets and allotment advices include a provision for separation costs and related charges. This guarantees that funds will be available in all circumstances but implies a freeze of monies against the training operations, and cash which will be returned to donors at the end of projects, reducing programme support costs for UNITAR's General Fund.

Comments of the Board

21. The Board welcomes the inclusion of provisions for separation costs in the UNITAR budgets. The Board notes, however, that staff costs continued to increase in 1996.

## III. AUDIT OPINION

We have examined the appended financial statements numbered I to V, properly identified, the relevant schedule and the supporting explanatory notes of the United Nations Institute for Training and Research for the financial period ended 31 December 1996 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position of the United Nations Institute for Training and Research as at 31 December 1996 and the results of its operations and cash flows for the financial period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period, and that the transactions were in accordance with the Financial Regulations and the relevant legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the financial statements of the United Nations Institute for Training and Research, as provided for in the Financial Regulations.

(Signed) Sir John BOURN
Comptroller and Auditor General of the United Kingdom of Great Britain and Northern Ireland

(Signed) Osei Tutu PREMPEH
Auditor-General of Ghana

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General of India

16 July 1997

## IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

2 July 1997

I certify that the appended financial statements of the United Nations Institute for Training and Research, numbered I to V, are fairly stated.

(Signed) Jean-Pierre HALBWACHS
Assistant Secretary-General
Controller

# V. ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1996

Statement I. Income and expenditure and changes in reserves and fund balances for the year ended 31 December 1996

(United States dollars)

| | General Fund | | Other activities | | | |
|---|---|---|---|---|---|---|
| | | | Special Purpose Grants Fund | | Activities financed by UNDP | |
| | 1996 | 1995 | 1996 | 1995 | 1996 | 1995 |
| INCOME | | | | | | |
| Grants | – | – | 4 429 998[a] | 3 065 996[b] | – | |
| Voluntary contributions received | 248 209[c] | 315 714 | – | – | – | – |
| Received under inter-organization arrangements | – | – | – | – | 728 317 | 455 851 |
| Other/miscellaneous income: | | | | | | |
| Interest income | 19 259 | 28 346 | 164 477 | 155 179 | – | – |
| Programme support income | 441 230 | 372 914 | – | – | – | – |
| Allocations | – | – | – | – | – | – |
| Other/miscellaneous | 14 656[d] | 14 505 | 21 382 | 66 378 | – | – |
| TOTAL INCOME | 723 354 | 731 479 | 4 615 857 | 3 287 553 | 728 317 | 455 851 |
| EXPENDITURE | | | | | | |
| Staff and other personnel costs | 760 020 | 593 828 | 1 823 610 | 1 915 421 | 249 671 | 128 362 |
| Travel | 29 841 | 34 368 | 217 258 | 337 339 | 21 612 | 54 419 |
| Contractual services | 21 952 | 60 603 | 168 971 | 246 836 | 169 844 | 173 308 |
| Operating expenses | 153 430 | 144 369 | 128 561 | 147 163 | 523 | 22 489 |
| Acquisitions | 12 744 | 9 896 | 18 556 | 21 390 | 9 281 | 733 |
| Fellowships, grants and other | – | – | 1 048 149 | 291 882 | 193 597 | 44 710 |
| Total direct expenditure | 977 987 | 843 064 | 3 405 105 | 2 960 031 | 644 528 | 424 021 |
| Programme support costs | – | – | 357 441 | 341 084 | 83 789 | 31 830 |
| TOTAL EXPENDITURE | 977 987 | 843 064 | 3 762 546[d] | 3 301 115 | 728 317 | 455 851 |
| Excess (shortfall) of income over expenditure | (254 633) | (111 585) | 853 311 | (13 562) | – | – |
| Prior period adjustments | 36 013 | 29 265 | (92 137) | (35 775) | – | – |
| NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE | (218 620) | (82 320) | 761 174 | (49 337) | – | – |
| Transfers (to) from other funds | 398 | 20 679 | ( 398) | (20 679) | – | – |
| Refund to donors | – | – | (33 368) | – | – | – |
| Savings on or liquidation of prior periods' obligations | 60 656 | 2 654 | 99 844 | 110 824 | – | – |
| RESERVES AND FUND BALANCES, BEGINNING OF PERIOD | 550 555 | 609 542 | 1 659 009[d] | 1 618 201 | – | – |
| RESERVES AND FUND BALANCES, END OF PERIOD | 392 989 | 550 555 | 2 486 261[d] | 1 659 009 | – | – |

[a] For details by project, see statement V.

[b] Comparative figure reclassified to conform to current presentation.

[c] See schedule 1.1. In accordance with article VIII, paragraph 3, of the revised statute of UNITAR (A/43/697/Add.1), only paid-in contributions are included in the current-year income.

[d] Including loss on exchange of $1,572.

The accompanying notes are an integral part of the financial statements.

Schedule 1.1. General Fund: voluntary contributions as at 31 December 1996

(United States dollars)

| | Pledges receivable as at 1 January 1996 | Add: voluntary contributions for 1996 and adjustment for prior period | Add: pledges for future years | Less: collection 1996 | Less: loss (gain) on exchange | Pledges receivable as at 1 December 1996 |
|---|---|---|---|---|---|---|
| Countries | | | | | | |
| Chile | – | 10 000 | – | 10 000 | – | – |
| China | – | 10 000 | – | 10 000 | – | – |
| Czech Republic | 38 023 | 18 587 | – | 17 015 | 1 008 | 18 587 |
| Ghana | 3 000 | 5 000 | – | 8 000 | – | – |
| Greece | – | 6 000 | – | 6 000 | | – |
| Indonesia | – | 4 000 | – | 4 000 | – | – |
| Iran, Islamic Republic of | 20 000 | (20 000) | – | – | – | – |
| Ireland | – | 15 000 | – | 15 000 | | – |
| Kuwait | 20 000 | – | – | 20 000 | – | – |
| Malta | – | 782 | – | 782 | | – |
| Nigeria | – | 57 000 | – | 57 000 | | – |
| Paraguay | 1 000 | 2 000 | – | 3 000 | – | – |
| Switzerland | – | 63 415 | – | 63 415 | – | – |
| Thailand | – | 2 000 | | 2 000 | | – |
| Tunisia | – | 1 989 | – | 1 989 | – | – |
| Uruguay | 1 000 | (1 000) | – | – | – | – |
| Subtotal | 83 023 | 174 773 | – | 238 201 | 1 008 | 18 587 |
| Public donations | – | 10 008 | – | 10 008 | – | – |
| Subtotal | – | 10 008 | – | 10 008 | – | – |
| Total | 83 023 | 184 781 | – | 248 209 | 1 008 | 18 587[a] |
| Recapitulation by year | | | | | | |
| 1993 | 12 000 | (11 000) | – | 1 000 | – | – |
| 1994 | 49 012 | (30 000) | – | 18 508 | 504 | – |
| 1995 | 22 011 | 5 000 | – | 26 507 | 504 | – |
| 1996 | – | 220 781 | – | 202 194 | – | 18 587 |
| Total | 83 023 | 184 781 | – | 248 209 | 1 008 | 18 587 |

[a] Unpaid pledges of $18,587 are not included in statement I, in accordance with article VIII, para. 3, of the revised statue of UNITAR (A/43/697/Add.1).

The accompanying notes are an integral part of the financial statements.

Statement II. Assets, liabilities, reserves and fund balances as at 31 December 1996

(United States dollars)

| | General Fund | | Other activities | | | |
|---|---|---|---|---|---|---|
| | | | Special Purpose Grants Fund | | Activities financed by UNDP | |
| | 1996 | 1995 | 1996 | 1995 | 1996 | 1995 |
| ASSETS | | | | | | |
| Cash and term deposits | 284 531 | 564 757 | 3 233 167 | 1 890 177 | 1 108 580 | 746 180 |
| Pledged contributions receivable | 18 587 | 83 023 | – | – | – | – |
| Inter-fund balances receivable | 60 453 | – | – | 3 573 | – | – |
| Other accounts receivable | 130 128 | 137 058 | 101 725 | 73 819 | 25 780 | 118 911 |
| Other assets: | | | | | | |
| Operating funds provided to executing agencies | – | – | 68 024 | 74 044 | – | – |
| Unspent allocations | – | – | – | – | 384 426 | 69 940 |
| TOTAL ASSETS | 493 699 | 784 838 | 3 402 916 | 2 041 613 | 1 518 786 | 935 031 |
| LIABILITIES | | | | | | |
| Contributions or payments received in advance | – | – | – | – | 773 503 | 814 089 |
| Unliquidated obligations | 73 218 | 142 932 | 841 772 | 382 219 | 353 732 | 39 702 |
| Accounts payable: | | | | | | |
| Inter-fund balances | – | 3 573 | 64 351 | – | 7 125 | – |
| Other | 8 905 | 4 755 | 10 208 | 385 | - | 11 300 |
| Other liabilities: | | | | | | |
| Deferred income | 18 587 | 83 023 | 324 | – | 384 426 | 69 940 |
| TOTAL LIABILITIES | 100 710 | 234 283 | 916 655 | 382 604 | 1 518 786 | 935 031 |
| RESERVES AND FUND BALANCES | | | | | | |
| Operating reserve | 146 462 | 84 200 | – | – | – | – |
| Balances relating to projects funded by donors | – | – | 2 486 261 | 1 659 009 | | |
| Cumulative surplus (deficit) | 246 527 | 466 355 | – | – | – | – |
| TOTAL RESERVES AND FUND BALANCES | 392 989 | 550 555 | 2 486 261 | 1 659 009 | | – |
| TOTAL LIABILITIES, RESERVES AND FUND BALANCES | 493 699 | 784 838 | 3 402 916 | 2 041 613 | 1 518 786 | 935 031 |

The accompanying notes are an integral part of the financial statements.

Statement III. Cash flows for the year ended 31 December 1996

(United States dollars)

| | General Fund | | Special Purpose Grants Fund | | Activities financed by UNDP | |
|---|---|---|---|---|---|---|
| | 1996 | 1995 | 1996 | 1995 | 1996 | 1995 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Net excess (shortfall) of income over expenditures (statement I) | (218 620) | (82 320) | 761 174 | (49 337) | – | – |
| (Increase) decrease in contributions receivable | 64 436 | (83 023) | – | – | – | – |
| (Increase) decrease in other accounts receivable | 6 930 | 573 165 | (18 313) | 13 728 | 93 131 | (118 911) |
| (Increase) decrease in other assets | – | – | – | (23 024) | (314 486) | (69 940) |
| Increase (decrease) in accounts payable | 4 150 | (77 127) | 9 823 | (1 831 849) | (51 886) | 825 389 |
| Increase (decrease) in unliquidated obligations | (69 714) | 124 133 | 459 553 | 6 460 | 314 030 | 39 702 |
| Increase (decrease) in other liabilities | (64 436) | 83 023 | 324 | – | 314 486 | 69 940 |
| Less: interest income received | (19 259) | (28 346) | (164 477) | (155 179) | – | – |
| NET CASH FROM OPERATING ACTIVITIES | (296 513) | 509 505 | 1 048 084 | (2 039 201) | 355 275 | 746 180 |
| CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES | | | | | | |
| (Increase) decrease in inter-fund balances receivable | (60 453) | – | – | (3 573) | – | – |
| Increase (decrease) in inter-fund balances payable | (3 573) | 3 573 | 64 351 | – | 7 125 | – |
| Plus: interest income received | 19 259 | 28 346 | 164 477 | 155 179 | – | – |
| NET CASH FROM INVESTING AND FINANCING ACTIVITIES | (44 767) | 31 919 | 228 828 | 151 606 | 7 125 | – |
| CASH FLOWS FROM OTHER SOURCES | | | | | | |
| Savings on or liquidation of prior periods' obligations | 60 656 | 2 654 | 99 844 | 110 824 | – | – |
| Other adjustments to fund balance | 398 | 20 679 | (33 766) | (20 679) | – | – |
| NET CASH FROM OTHER SOURCES | 61 054 | 23 333 | 66 078 | 90 145 | – | – |
| NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS | (280 226) | 564 757 | 1 342 990 | (1 797 450) | 362 400 | 746 180 |
| CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD | 564 757 | – | 1 890 177 | 3 687 627 | 746 180 | – |
| CASH AND TERM DEPOSITS AT END OF PERIOD | 284 531 | 564 757 | 3 233 167 | 1 890 177 | 1 108 580 | 746 180 |

The accompanying notes are an integral part of the financial statements.

Statement IV. General Fund: status of expenditure against budget for the year ended 31 December 1996

(United States dollars)

| Budget classification | Approved unobligated budget | Expenditure | | | Balance |
|---|---|---|---|---|---|
| | | Disbursements | Unliquidated obligations | Total | |
| Administration | 981 100 | 904 769 | 73 218 | 977 987 | 3 113 |

The accompanying notes are an integral part of the financial statements.

Statement V. Special purpose grants fund: income, expenditure and fund balance for the year ended 31 December 1996

(United States dollars)

| Projects | Fund balance 1 January 1996 | Income from grants | Other income and adjustments[a] | Funds available | Expenditure: Disbursements | Expenditure: Unliquidated obligations | Expenditure: Total expenditure | Fund balance 31 December 1996 |
|---|---|---|---|---|---|---|---|---|
| Convertible currencies | | | | | | | | |
| Training programme for disaster relief managers in the Sahel countries | 157 551 | 41 667 | (23 144) | 176 074 | 68 781 | 54 476 | 123 257 | 52 817 |
| UNITAR computer literacy training programme | 398 | - | (398) | - | - | - | | - |
| Emergency settlement | - | 78 180 | 2 277 | 80 457 | - | - | | 80 457 |
| Fellowship programme in peacemaking and preventive diplomacy | 287 835 | 313 215 | (12 603) | 588 447 | 306 213 | 10 313 | 316 526 | 271 921 |
| Training programme on legal aspects of debt management (Sub-Saharan Africa) | 7 448 | 436 344 | 11 605 | 455 397 | 295 503 | 147 457 | 442 960 | 12 437 |
| Training programme on legal aspects of debt management (Egypt) | 5 707 | - | 815 | 6 522 | - | - | | 6 522 |
| Training programme on legal aspects of debt management (Central Asian Republics) | 3 597 | 300 000 | 14 815 | 318 412 | 190 485 | 19 262 | 209 747 | 108 665 |
| Foundation for Advanced Studies on International Development - course on international organizations | 8 071 | 12 021 | 373 | 20 465 | 16 081 | 2 056 | 18 137 | 2 328 |
| Training programme in financial resources for economic and social development (Mongolia) | 4 319 | - | 237 | 4 556 | - | - | | 4 556 |
| Follow-up on training programme for Palestinian people on economic and environmental negotiations and dispute resolution | 795 | - | (795) | - | - | - | | - |
| Associate expert (Austrian contribution) | 64 143 | - | 4 564 | 68 707 | 5 716 | 309 | 6 025 | 62 682 |
| UNEP/UNITAR training programme on the implementation of the London Guidelines | 578 008 | 1 129 377 | 61 426 | 1 768 811 | 747 625 | 306 439 | 1 054 064 | 714 747 |
| Geographic Information Systems (GIS) for natural resource and environment management | (3 055) | - | - | (3 055) | - | - | | (3 055) |
| Associate expert (German contribution) | 6 798 | - | 373 | 7 171 | - | - | | 7 171 |
| Peacekeeping video training programme | 37 845 | 1 488 | 28 139 | 67 472 | 56 798 | 4 855 | 61 653 | 5 819 |
| Global Resources Information Database/UNEP Arendal | 165 | - | 9 | 174 | - | - | | 174 |
| "Unité d'appui au programme OSS (Observatory of the Sahara and the Sahel)/UNITAR" (Systèmes d'informations intégrées sur l'environnement) | (13 753) | - | 12 | (13 741) | - | - | | (13 741) |
| Associate expert (Netherlands contribution) | 25 988 | - | (20 770) | 5 218 | - | - | | 5 218 |

| Projects | Fund balance 1 January 1996 | Income from grants | Other income and adjustments[a] | Funds available | Expenditure | | | Fund balance 31 December 1996 |
|---|---|---|---|---|---|---|---|---|
| | | | | | Disbursements | Unliquidated obligations | Total expenditure | |
| National Aeronautics and Space Administration (NASA)/UNITAR programme | (15 094) | - | - | (15 094) | - | - | | (15 094) |
| UNITAR training programme on environmental negotiation and dispute resolution | 2 271 | - | 9 | 2 280 | 2 231 | - | 2 231 | 49 |
| Research and training in natural resource evaluation and environment management | (32 886) | 34 500 | (6) | 1 608 | 44 977 | - | 44 977 | (43 369) |
| Training programme in environmental law and policy | 1 011 | - | 78 | 1 089 | - | - | | 1 089 |
| UNITAR Centre on Heavy Crude and Tar Sands programme | 173 186 | 179 985 | 17 793 | 370 964 | 102 416 | 7 144 | 109 560 | 261 404 |
| Sixth UNITAR Conference on Heavy Crude and Tar Sands | 99 146 | - | (97 014) | 2 132 | - | - | | 2 132 |
| UNEP-Caribbean/UNITAR training programme on analysis of changing coastal land use patterns | 3 568 | - | 33 | 3 601 | 3 164 | - | 3 164 | 437 |
| Transportation management training programme | 19 554 | - | 1 074 | 20 628 | - | - | | 20 628 |
| Training project on the implementation of the prior informed consent (PIC) procedure in countries of eastern, southern, central and western Africa | 54 715 | - | 9 421 | 64 136 | 48 836 | 2 990 | 51 826 | 12 310 |
| EPA/IPCS/PRTR (Environment Protection Agency/International Programme on Chemical Safety/Pollutant Release and Transfer Register) pilot studies | 214 | - | 12 | 226 | - | - | | 226 |
| Training programme in legal aspects of debt and financial management (Central Asian Republics and Sub-Saharan Africa) | 31 404 | 224 505 | 14 282 | 270 191 | 81 944 | 39 618 | 121 562 | 148 629 |
| Training programme in environmental information systems for developing training capacities in Tanzania and Uganda | (24 872) | - | 39 668 | 14 796 | 4 628 | 1 500 | 6 128 | 8 668 |
| IPS (Institute for Policy Studies)/UNITAR International Conference on UNTAC Resolution (Singapore, 2-4 August 1994) | 7 143 | 2 000 | 7 489 | 16 612 | 4 680 | 108 | 4 788 | 11 824 |
| AFRICAGIS Expo, 1995 | 12 584 | 1 806 | 315 | 14 705 | 12 172 | 3 352 | 15 524 | (819) |
| European Community/Profile (chemicals) | 1 159 | - | 64 | 1 223 | - | - | | 1 223 |
| Research on the cultural origins of differences in economic development | 10 716 | 83 333 | 267 | 94 316 | 10 849 | 83 450 | 94 299 | 17 |
| Associate expert (German contribution) | 13 109 | - | 4 662 | 17 771 | 10 820 | - | 10 820 | 6 951 |
| "Unité d'appui au programme OSS/UNITAR" (Systèmes d'informations intégrées sur l'environnement) (GTZ (German Agency for Technical Cooperation) contribution) | 1 931 | 95 928 | 6 078 | 103 937 | 82 370 | 5 887 | 88 257 | 15 680 |
| "Unité d'appui au programme OSS/UNITAR" (Systèmes d'informations intégrées sur l'environnement) (World Resources Institute contribution) | 536 | - | 17 | 553 | - | - | | 553 |

| Projects | Fund balance 1 January 1996 | Income from grants | Other income and adjustments[a] | Funds available | Expenditure | | | Fund balance 31 December 1996 |
|---|---|---|---|---|---|---|---|---|
| | | | | | Disbursements | Unliquidated obligations | Total expenditure | |
| "Unité d'appui au programme OSS/UNITAR" (Systèmes d'informations intégrées sur l'environnement) (MINCOOP (Ministère de la coopération française) contribution) | (49 697) | 105 000 | (20 454) | 34 849 | 36 643 | 19 849 | 56 492 | (21 643) |
| AFRICAGIS 1995 programme | 594 | 106 552 | 2 269 | 109 415 | 79 513 | 26 965 | 106 478 | 2 937 |
| International Court of Justice/UNITAR seminar | 180 570 | 75 649 | 7 136 | 263 355 | 137 963 | 8 630 | 146 593 | 116 762 |
| Capacity-building for spatial development to support human economic and social development in the Occupied Territory | (872) | - | 872 | - | - | - | | - |
| Conflict prevention research | 7 210 | - | 14 | 7 224 | 7 082 | - | 7 082 | 142 |
| Capacity-building | 16 587 | - | 23 674 | 40 261 | 2 683 | 196 | 2 879 | 37 382 |
| Climate change (CC) training programme | 8 455 | - | 1 446 | 9 901 | 8 354 | - | 8 354 | 1 547 |
| Project Mercator (Monitoring ecosystems by remote sensing and cartography of African tropical regions) | - | 49 273 | 1 002 | 50 275 | 44 415 | 4 100 | 48 515 | 1 760 |
| Seventh UNITAR Conference on Heavy Crude and Tar Sands, Beijing | 71 758 | - | 108 330 | 180 088 | 788 | 6 060 | 6 848 | 173 240 |
| Associate expert (German contribution) | 123 081 | 49 983 | 3 767 | 176 831 | 95 731 | 7 320 | 103 051 | 73 780 |
| Eastern and Southern African Initiative in Debt and Reserves Management | - | 60 000 | 1 162 | 61 162 | 54 931 | 1 278 | 56 209 | 4 953 |
| CC TRAIN programme, phase II | - | 497 556 | (57 991) | 439 565 | 310 319 | 70 470 | 380 789 | 58 776 |
| Associate expert (German contribution) | - | 119 801 | 2 416 | 122 217 | 33 178 | 3 500 | 36 678 | 85 539 |
| Systèmes d'information de l'Institut d'economie rurale au Mali | - | 7 255 | 156 | 7 411 | 719 | 1 188 | 1 907 | 5 504 |
| Pilot training to strengthen municipal capacities in management of information systems (Habitat) | - | 259 600 | 7 214 | 266 814 | 11 806 | - | 11 806 | 255 008 |
| Capacity-building programme in financial management for the Palestinian Authority | - | 164 980 | 4 804 | 169 784 | - | - | | 169 784 |
| Second International Conference on Heavy Crude and Tar Sands | (60 690) | - | - | (60 690) | - | - | | (60 690) |
| Strategy for the future of Africa | (140 544) | - | - | (140 544) | - | - | | (140 544) |
| Centre on Small Energy Resources, Italy | 6 826 | - | 374 | 7 200 | - | - | | 7 200 |
| World Social Prospects Association | (4 694) | - | - | (4 694) | - | - | | (4 694) |
| Strategies for the future of Latin America | (40 749) | - | - | (40 749) | - | - | | (40 749) |
| Programme on training officials from Côte d'Ivoire | (21) | - | - | (21) | - | - | | (21) |

| Projects | Fund balance 1 January 1996 | Income from grants | Other income and adjustments[a] | Funds available | Expenditure | | | Fund balance 31 December 1996 |
|---|---|---|---|---|---|---|---|---|
| | | | | | Disbursements | Unliquidated obligations | Total expenditure | |
| UNITAR/UNDP/CUNY (City University of New York) training programme in information technology for the Association of South-East Asian Nations countries | 28 | - | 2 | 30 | - | - | | 30 |
| Training workshop in multilateral economic negotiations for senior civil servants in Viet Nam | (5 777) | - | - | (5 777) | - | - | | (5 777) |
| Junior professional officer, New York | 13 984 | - | 671 | 14 655 | 360 | 3 000 | 3 360 | 11 295 |
| Junior professional officer, New York | 32 445 | - | 1 779 | 34 224 | - | - | | 34 224 |
| Economic and social history of the United Nations | (12 298) | - | - | (12 298) | - | - | | (12 298) |
| Special fund account for project promotion and contingencies | (2 486) | - | - | (2 486) | - | - | | (2 486) |
| Occidental College: Semester at the United Nations Programme (1992) | (1 378) | - | - | (1 378) | - | - | | (1 378) |
| UNITAR/Clark Atlanta University: Semester at the United Nations Programme (1992) | (674) | - | - | (674) | - | - | | (674) |
| New York seminar on peacekeeping and simulation exercise | (13 904) | - | - | (13 904) | - | - | | (13 904) |
| Total | 1 659 009 | 4 429 998 | 159 800 | 6 248 807 | 2 920 774 | 841 772 | 3 762 546 | 2 486 261 |

[a] Comprises interest income, exchange gain and loss, miscellaneous income, prior year adjustments and transfer between projects.

## Notes to the financial statements

### Note 1. The United Nations Institute for Training and Research and its activities

The United Nations Institute for Training and Research (UNITAR) was established in 1965 as an autonomous body within the United Nations with the purpose of enhancing the effectiveness of the Organization through appropriate training and research. UNITAR is governed by a Board of Trustees and is headed by an Executive Director. The Institute is supported by voluntary contributions from Governments, intergovernmental organizations, and foundations and other non-governmental sources.

UNITAR develops, improves and extends training programmes in the fields of international affairs management and in economic and social development. The Institute's functions may be summarized as follows:

- To conduct training programmes in multilateral diplomacy and international cooperation for diplomats accredited to the United Nations and national officials involved in work related to United Nations activities;

- To carry out a wide range of training programmes in the field of social and economic development, generally at the request of Governments, multilateral organizations, and public and private development cooperation agencies;

- To establish and strengthen cooperation with faculties and academic institutions, in particular for the development of research and for training.

Current UNITAR training programmes are presented under the following titles:

- Multilateral diplomacy, negotiations and conflict resolution

- Preventive diplomacy, peacemaking and peacekeeping

- Environmental and natural resources management

- Debt and financial management (legal aspects)

- Energy management

- Disaster control

UNITAR receives requests for programme design and implementation from UNDP, UNEP and other United Nations bodies and the secretariats of United Nations conventions, such as those for the United Nations Framework Convention on Climate Change, the United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa, and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal. UNITAR has also developed a training programme on the London Guidelines, including a toxic chemicals and pollutant release transfer register. The Institute views this as part of its mission to be an effective training arm of the United Nations. With the new cooperative links being established with agencies and organs of the United Nations system, with governmental and private development cooperation agencies and with training

institutes in industrialized and developing countries and countries in transition in Africa, Asia, Latin America and the Caribbean, and Europe, the Institute is becoming an increasingly important provider of training to a large constituency in different sectors.

Note 2. Summary of significant accounting policies

The following are the significant accounting policies of UNITAR:

(a) As provided in article VIII of its statute, UNITAR's accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, and administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller. They also take fully into account the common accounting standards for the United Nations system, as adopted by the Administrative Committee on Coordination. The General Assembly has taken note of these standards in its resolution 48/216 C of 23 December 1993. The United Nations follows International Accounting Standard 1 on the disclosure of accounting policies, as modified and adopted by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

(i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed, together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed, together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) Fund accounting. The Institute's accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Assembly or the Executive Director. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Institute consists of one calendar year.

(d) In accordance with article VIII, paragraph 3, of the revised statute of UNITAR, income is recognized on a paid-in contributions basis.

(e) Translation of currencies. The accounts of the Institute are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Administration and Management shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation significantly different from the application of the United Nations rates of exchange for the last month of the financial period, a footnote will be presented quantifying the difference.

(f) The Institute's financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(g) Pledged contributions. Pledges are recorded as deferred income on the basis of a written commitment by a prospective donor to pay a monetary contribution at a specific time or times. Only paid pledges are recorded as income.

(h) Cash and investments. Funds on deposit in interest-bearing bank accounts, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(i) Fixed assets. Maintenance and repairs are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Institute. Acquisitions are charged against budgetary accounts in the year of purchase.

(j) The expenditures do not include possible costs to cover contingencies under appendix D of the United Nations Staff Rules, for personnel financed under resources obtained from voluntary contributions to the UNITAR General Fund and the Special Purpose Grants Fund. The term "expenditure" designates total obligations incurred, whether liquidated or unliquidated.

(k) Miscellaneous income:

(i) The net income realized from the revenue-producing activities is reported as miscellaneous income;

(ii) Refunds of expenditures charged to the prior financial periods are credited to miscellaneous income;

(iii) Moneys accepted in respect of which no purpose is specified have been treated as miscellaneous income;

(iv) On the closing of the accounts at the end of each financial period, if the balance of the exchange accounts reflects a net loss on exchange, it is charged to the budgetary account. If there is a net gain, this is credited to miscellaneous income;

(v) The proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

(l) The trust fund statements reflect the "clean surplus theory" by processing adjustments through the current income and expenditure accounts. Material adjustments for prior periods are, however, shown in the financial statements below the results of the current period so as not to distort them.

(m) Income tax refund policy. UNITAR salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(n) Unliquidated obligations for the current period in respect of UNITAR General Fund and Special Purpose Grants Fund activities remain valid for 12 months following the end of the year to which they relate.

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